

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. 45

TO BE ANSWERED ON THE 14th September 2020/ Bhadrapada 23, 1942 (SAKA)

Special Window for Loan Defaulter

45. SHRI P.V. MIDHUN REDDY: SHRI M.V.V. SATYANARAYANA:
SHRI SRIDHAR KOTAGIRI: SHRI KURUVA GORANTLA MADHAV:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has instructed the Reserve Bank of India (RBI) for a special window for resolution of borrower defaults within the Prudential Framework for Resolution of Stressed Assets due to long term economic stress arising from the COVID-19 pandemic;
- (b) if so, the details thereof; and
- (c) the details of the reason for excluding Loans to MSMEs of less than Rs 25 crore, institutions lending for agricultural and rural development, financial service providers and Central and State Governments for resolution under this framework?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) and (b): Reserve Bank of India (RBI) has apprised that it has issued circular dated 6.8.2020 on Resolution Framework which provides a window under the Prudential Framework for Resolution of Stressed Assets dated 7.6.2019 to enable lenders to implement a resolution plan in respect of personal loans and eligible corporate exposures without change in ownership, while classifying them as standard.

(c): RBI has apprised that MSME borrowers with aggregate exposure up to Rs. 25 crore as on 1.3.2020 have been covered by another RBI circular dated 6.8.2020 on Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances. RBI has further informed that financial institutions are covered by liquidity and refinance measures put in place both by RBI and the Central Government, and for non-banking financial companies (NBFCs) facing liquidity problem on account of the COVID-19 pandemic, dedicated liquidity facilities have been opened by RBI for their liquidity management. Additionally, RBI has provided special refinance facilities for a total amount of Rs. 50,000 crore at the repo rate to National Bank for Agriculture and Rural Development, Small Industries Development Bank of India and National Housing Bank to enable them to meet the requirements of their constituents. With regard to Central and State Governments, RBI has informed that these are fiscal authorities with the power of taxation, and restructuring of their debt would be akin to defaults by the respective Governments.
